

702 KAR 3:080. Fidelity bond, penal sum for treasurer, finance officer, and others.

RELATES TO: KRS 156.010, 160.560

STATUTORY AUTHORITY: KRS 156.029(7), 156.070, 160.560(2)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.029(7) requires the Board of Education to develop policies and to promulgate administrative regulations by which the Department of Education shall be governed. KRS 156.070 authorizes the Board of Education to promulgate administrative regulations necessary for the efficient management, control, and operation of the schools and programs under its jurisdiction. KRS 160.560(2) requires each local board of education treasurer to be bonded in accordance with Kentucky Board of Education administrative regulations. This administrative regulation establishes a penal sum for the bond of treasurer and requires the bonding of other school employees.

Section 1. Definitions. (1) "Total current assets" means the 61XX series in the balance sheet object codes as provided in 702 KAR 3:120.

(2) "Total revenue" means codes 1000-4999 in the revenue object codes as provided in 702 KAR 3:120.

Section 2. (1) A local board of education shall require a fidelity bond from the board treasurer, the finance officer, and others holding similar positions who are responsible for district funds or who receive and expend funds on behalf of the school district.

(2) A local board of education, on the advice of the Commissioner of Education, shall determine the amount of the penal sum of the fidelity bond for all employees by July 1st of each year.

(3) The local board of education shall submit the fidelity bonds to the Commissioner of Education for approval no later than July 31st of each year. A district shall not resubmit a multiyear bond for approval in subsequent years if the bond amount is still adequate.

Section 3. A bond shall not be approved if the Commissioner of Education determines that the bond is inadequate to safeguard the funds of the district board of education.

Section 4. The cost of bonds shall be a liability of the general fund or of any account which the specific bond protects. The penal sum of any bond shall be determined by the following table based on an exposure factor of twenty (20) percent of the total current assets plus ten (10) percent of the total revenue in the prior fiscal year:

REVISED EXPOSURE SCHEDULE

EXPOSURE FACTOR	MINIMUM AMOUNT OF BOND
Up to \$25,000	\$2,500
\$25,001 to \$125,000	\$25,000
\$125,001 to \$400,000	\$50,000
\$400,001 to \$1,000,000	\$100,000
\$1,000,001 to \$2,000,000	\$150,000
\$2,000,001 to \$4,000,000	\$200,000
\$4,000,001 to \$6,000,000	\$300,000
\$6,000,001 to \$10,000,000	\$400,000

\$10,000,001	to	
\$15,000,000		\$600,000
\$15,000,001	to	
\$25,000,000		\$800,000
\$25,000,001	to	
\$75,000,000		\$1,000,000
\$75,000,001	to	
\$175,000,000		\$1,500,000
\$175,000,001	to	
\$500,000,000		\$2,000,000
\$500,000,001	to	
\$1,000,000,000		\$3,000,000
\$1,000,000,001	to	
\$1,500,000,000		\$4,000,000

(SBE 21.080; 1 Ky.R. 70; eff. 11-13-1974; Am. 1552; eff. 12-9-1990; 28 Ky.R. 1690; 2028; eff. 3-18-2002; 35 Ky.R. 635; 1461; eff. 1-5-2009.)